

Message Text

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51

ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-03 PA-04 PRS-01 USIA-15 DRC-01 /183 W

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R 201322Z NOV 73 ZFG

FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC 8079

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY DUBLIN

USMISSION EC BRUSSELS UNN

USMISSION GENEVA

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

USMISSION OECD PARIS UNN

AMEMBASSY ROME

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

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E.O. 11652 NA

TAGS: EFIN DA

SUBJ: RUMORED REVALUATION OF DANISH KRONER DENIED

1. FOLLOWING REVALUATION OF NORWEGIAN KRONER, DANISH PRESS HAS SPECULATED ON POSSIBILITIES OF DANISH KRONER REVALUATION. WE ASKED GOVERNOR HOFFMEYER OF NATIONAL BANK WHETHER THERE ANY BASIS TO THIS TALK. HE CALLED IT "NONSENSE" BUT ADMITTED QUESTION DID COME UP IN MEETING HE HAD WITH GOVERNMENT LAST FRIDAY. HE ADVISED GOVERNMENT THAT IF DANISH KRONER, WHICH
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HE CATAGORIZED AS ONE OF WEAKEST OF EUROPEAN CURRENCIES,

WERE TO BE REVALUED, GOVERNMENT WOULD REQUIRE LARGE ENOUGH MAJORITY IN PARLIAMENT TO PASS STIFF LEGISLATION FREEZING PRICES AND WAGES AND TAKING OTHER MEASURES TO KEEP ECONOMY UNDER COMPLETE CONTROL. HOFFMEYER SAID GOVERNMENT OFFICIALS WERE AGREED THAT SUCH LEGISLATION WOULD BE IMPOSSIBLE NOW (ELECTIONS ARE SCHEDULED FOR DECEMBER 4) AND UNANIMOUSLY AGREED THAT KRONER REVALUATION SHOULD NOT BE CONSIDERED.

2. HOFFMEYER SAID HE WOULD GIVE SAME ADVICE TO NEW GOVERNMENT FORMED AFTER DECEMBER 4, ALTHOUGH HE COULD NOT OF COURSE PREDICT ITS REACTION.

3. EMBASSY COMMENT. WE AGREE IT MAKES NO SENSE TO REVALUE DANISH KRONER AT THIS TIME. IT IS NOT UNDER ANY REAL PRESSURE AND, IF IT WERE, THE NATIONAL BANK HAS AN IMPRESSIVE ARRAY OF CONTROLS IT CAN USE TO KEEP MATTERS IN HAND. FACT QUESTION OF REVALUATION AROSE AT ALL IS PROBABLY MORE RELATED TO TRADITIONAL FEELING THAT SCANDINAVIANS OUGHT TO MOVE TOGETHER THAN ANY FACTUAL DEVELOPMENT.
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Message Attributes

Automatic Decaptioning: X
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Disposition Approved on Date:
Disposition Authority: cunninfx
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Disposition Date: 28 MAY 2004
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Disposition History: n/a
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30 JUN 2005

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